

**STATE RISK MANAGEMENT WORKERS COMPENSATION FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF AUGUST 31, 2008**

|  | August-08        |               |               |               | July-08          |               |               |               | Current       | Prior Year     | 3 Years      | 5 Years    |
|--|------------------|---------------|---------------|---------------|------------------|---------------|---------------|---------------|---------------|----------------|--------------|------------|
|  | Market Value     | Allocation    | Month         | Net ROR       | Market Value     | Allocation    | Month         | Net ROR       | FYTD          | FY08           | Ended        | Ended      |
|  |                  | Actual        | Policy        |               |                  | Actual        | Policy        |               | Net           | Net            | 6/30/2008    | 6/30/2008  |
| <b>LARGE CAP DOMESTIC EQUITY</b>                 |                  |               |               |               |                  |               |               |               |               |                |              |            |
| <i>Structured Growth</i>                         |                  |               |               |               |                  |               |               |               |               |                |              |            |
| Los Angeles Capital                              | 129,609          | 4.2%          | 4.2%          | -0.56%        | 121,868          | 4.0%          | 4.2%          | -1.18%        | -1.73%        | -7.79%         | 7.68%        | N/A        |
| <b>Total Structured Growth</b>                   | <b>129,609</b>   | <b>4.2%</b>   | <b>4.2%</b>   | <b>-0.56%</b> | <b>121,868</b>   | <b>4.0%</b>   | <b>4.2%</b>   | <b>-1.18%</b> | <b>-1.73%</b> | <b>-7.79%</b>  | <b>7.68%</b> | <b>N/A</b> |
| Russell 1000 Growth                              |                  |               |               | 1.08%         |                  |               |               | -1.90%        | -0.84%        | -5.96%         | 5.91%        |            |
| <i>Structured Value</i>                          |                  |               |               |               |                  |               |               |               |               |                |              |            |
| LSV  | 117,782          | 3.9%          | 4.2%          | 1.61%         | 108,356          | 3.6%          | 4.2%          | -0.58%        | 1.02%         | -21.43%        | 3.81%        | N/A        |
| Russell 1000 Value                               |                  |               |               | 1.70%         |                  |               |               | -0.36%        | 1.33%         | -18.78%        | 3.53%        |            |
| <i>Russell 1000 Enhanced Index</i>               |                  |               |               |               |                  |               |               |               |               |                |              |            |
| LA Capital                                       | 253,978          | 8.3%          | 8.3%          | 0.76%         | 235,681          | 7.8%          | 8.3%          | -2.05%        | -1.30%        | -9.54%         | 6.97%        | N/A        |
| Russell 1000                                     |                  |               |               | 1.38%         |                  |               |               | -1.16%        | 0.20%         | -12.36%        | 4.81%        |            |
| <i>S&amp;P 500 Enhanced Index</i>                |                  |               |               |               |                  |               |               |               |               |                |              |            |
| Westridge  | 262,946          | 8.6%          | 8.3%          | 1.58%         | 242,062          | 8.0%          | 8.3%          | -0.73%        | 0.85%         | -12.18%        | 4.98%        | N/A        |
| S&P 500  |                  |               |               | 1.45%         |                  |               |               | -0.84%        | 0.59%         | -13.12%        | 4.41%        |            |
| <i>Index</i>                                     |                  |               |               |               |                  |               |               |               |               |                |              |            |
| State Street                                     | 84,458           |               |               | 0.31%         | 78,721           |               |               | -1.16%        | -0.85%        | -18.24%        | 2.93%        | N/A        |
| <b>Total 130/30</b>                              | <b>84,458</b>    | <b>2.8%</b>   | <b>2.8%</b>   | <b>0.31%</b>  | <b>78,721</b>    | <b>2.6%</b>   | <b>2.8%</b>   | <b>-1.16%</b> | <b>-0.85%</b> | <b>-18.24%</b> | <b>2.93%</b> | <b>N/A</b> |
| S&P 500  |                  |               |               | 1.45%         |                  |               |               | -0.84%        | 0.59%         | -13.12%        | 4.41%        |            |
| <b>TOTAL LARGE CAP DOMESTIC EQUITY</b>           | <b>848,773</b>   | <b>27.8%</b>  | <b>27.8%</b>  | <b>0.88%</b>  | <b>786,689</b>   | <b>25.9%</b>  | <b>27.8%</b>  | <b>-1.22%</b> | <b>-0.35%</b> | <b>-12.71%</b> | <b>5.68%</b> | <b>N/A</b> |
| S&P 500  |                  |               |               | 1.45%         |                  |               |               | -0.84%        | 0.59%         | -13.12%        | 4.41%        |            |
| <b>SMALL CAP DOMESTIC EQUITY</b>                 |                  |               |               |               |                  |               |               |               |               |                |              |            |
| <i>Manager-of-Managers</i>                       |                  |               |               |               |                  |               |               |               |               |                |              |            |
| SEI  | 139,777          | 4.6%          | 4.6%          | 2.40%         | 128,958          | 4.3%          | 4.6%          | 0.99%         | 3.41%         | -20.93%        | 2.06%        | N/A        |
| Russell 2000 + 200bp                             |                  |               |               | 3.78%         |                  |               |               | 3.87%         | 7.79%         | -14.48%        | 5.88%        |            |
| <i>Enhanced</i>                                  |                  |               |               |               |                  |               |               |               |               |                |              |            |
| Research Affiliates                              | 148,393          | 4.9%          | 4.6%          | 3.55%         | 135,322          | 4.5%          | 4.6%          | 2.98%         | N/A           | N/A            | N/A          | N/A        |
| Russell 2000                                     |                  |               |               | 3.61%         |                  |               |               | 3.70%         | 7.45%         | -16.19%        |              |            |
| <b>TOTAL SMALL CAP DOMESTIC EQUITY</b>           | <b>288,170</b>   | <b>9.4%</b>   | <b>9.3%</b>   | <b>2.99%</b>  | <b>264,281</b>   | <b>8.7%</b>   | <b>9.3%</b>   | <b>1.97%</b>  | <b>5.02%</b>  | <b>-21.14%</b> | <b>1.97%</b> | <b>N/A</b> |
| Russell 2000                                     |                  |               |               | 3.61%         |                  |               |               | 3.70%         | 7.45%         | -16.19%        | 3.79%        |            |
| <b>DOMESTIC FIXED INCOME</b>                     |                  |               |               |               |                  |               |               |               |               |                |              |            |
| <i>Core Bond</i>                                 |                  |               |               |               |                  |               |               |               |               |                |              |            |
| Western Asset                                    | 549,520          | 18.0%         | 18.6%         | 1.03%         | 563,915          | 18.6%         | 18.6%         | -1.78%        | -0.76%        | 2.06%          | 2.76%        | N/A        |
| Lehman Aggregate                                 |                  |               |               | 0.95%         |                  |               |               | -0.08%        | 0.87%         | 7.12%          | 4.09%        |            |
| <i>Mortgage Backed</i>                           |                  |               |               |               |                  |               |               |               |               |                |              |            |
| Hyperion   | 105,711          | 3.5%          | 4.8%          | -10.70%       | 123,630          | 4.1%          | 4.8%          | -8.02%        | -17.87%       | -20.24%        | N/A          | N/A        |
| Lehman Global Aggregate (US Securitized Portion) |                  |               |               | -0.46%        |                  |               |               | -0.06%        | -0.52%        | 10.14%         |              |            |
| <i>Core Plus/Enhanced</i>                        |                  |               |               |               |                  |               |               |               |               |                |              |            |
| Clifton Group                                    | 162,218          | 5.3%          | 4.8%          | 1.11%         | 165,946          | 5.5%          | 4.8%          | 0.45%         | 1.56%         | 10.17%         | N/A          | N/A        |
| Prudential                                       | 160,850          | 5.3%          | 4.8%          | 0.71%         | 165,434          | 5.5%          | 4.8%          | -0.24%        | 0.46%         | 4.89%          | N/A          | N/A        |
| <b>Total Core Plus/Enhanced</b>                  | <b>323,068</b>   | <b>10.6%</b>  | <b>9.6%</b>   | <b>0.91%</b>  | <b>331,379</b>   | <b>10.9%</b>  | <b>9.6%</b>   | <b>0.10%</b>  | <b>1.01%</b>  | <b>7.55%</b>   | <b>N/A</b>   | <b>N/A</b> |
| Lehman Aggregate                                 |                  |               |               | 0.95%         |                  |               |               | -0.08%        | 0.87%         | 7.12%          |              |            |
| <i>Index</i>                                     |                  |               |               |               |                  |               |               |               |               |                |              |            |
| Bank of ND                                       | 282,544          | 9.3%          | 8.4%          | 1.06%         | 289,803          | 9.6%          | 8.4%          | 0.07%         | 1.14%         | 7.68%          | 3.93%        | N/A        |
| Lehman Gov/Credit (1)                            |                  |               |               | 0.92%         |                  |               |               | 0.00%         | 0.92%         | 7.24%          | 3.84%        |            |
| <i>BBB Average Quality</i>                       |                  |               |               |               |                  |               |               |               |               |                |              |            |
| Wells Capital (formerly Strong)                  | 561,685          | 18.4%         | 18.6%         | 0.83%         | 577,848          | 19.1%         | 18.6%         | -0.59%        | 0.24%         | 3.55%          | 3.04%        | N/A        |
| Lehman US Credit BAA                             |                  |               |               | 0.80%         |                  |               |               | -0.67%        | 0.13%         | 2.62%          | 2.52%        |            |
| <b>TOTAL DOMESTIC FIXED INCOME</b>               | <b>1,822,529</b> | <b>59.7%</b>  | <b>60.0%</b>  | <b>0.19%</b>  | <b>1,886,575</b> | <b>62.2%</b>  | <b>60.0%</b>  | <b>-1.24%</b> | <b>-1.06%</b> | <b>2.32%</b>   | <b>3.89%</b> | <b>N/A</b> |
| Lehman Aggregate (2)                             |                  |               |               | 0.95%         |                  |               |               | -0.08%        | 0.87%         | 7.12%          | 4.09%        |            |
| <b>CASH EQUIVALENTS</b>                          |                  |               |               |               |                  |               |               |               |               |                |              |            |
| <i>Bank of ND</i>                                |                  |               |               |               |                  |               |               |               |               |                |              |            |
| 90 Day T-Bill                                    | 91,472           | 3.0%          | 3.0%          | 0.17%         | 94,399           | 3.1%          | 3.0%          | 0.16%         | 0.33%         | 3.43%          | 4.10%        | N/A        |
|  |                  |               |               | 0.16%         |                  |               |               | 0.18%         | 0.33%         | 3.63%          | 4.27%        |            |
| <b>TOTAL RISK MANAGEMENT FUND</b>                | <b>3,050,943</b> | <b>100.0%</b> | <b>100.0%</b> | <b>0.61%</b>  | <b>3,031,943</b> | <b>100.0%</b> | <b>100.0%</b> | <b>-0.91%</b> | <b>-0.31%</b> | <b>-3.99%</b>  | <b>3.60%</b> | <b>N/A</b> |
| <b>POLICY TARGET BENCHMARK</b>                   |                  |               |               | <b>1.31%</b>  |                  |               |               | <b>0.07%</b>  | <b>1.38%</b>  | <b>-0.98%</b>  | <b>4.34%</b> |            |

**NOTE: Monthly returns and market values are preliminary and subject to change.**

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

(2) Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.